

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-02

H-02 PRS-01 PA-02 USIA-15 /100 W

----- 124888

P R 191612Z MAR 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 5154

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY ROME

USMISSION OECD PARIS

UNCLAS VIENNA 2399

PASS TREASURY, FRB

E.O. 11652: N/A

TAGS: EFIN, AU

SUBJECT: STATEMENTS ON REVALUATION OF GOLD HOLDINGS

REF: STATE 060718

1. AUSTRIAN NATIONAL BANK FINANCIAL STATEMENTS THROUGH MARCH 15 (LATEST ISSUE) CONTINUE TO SHOW GOLD HOLDINGS CONVERTED AT PREVIOUS OFFICIAL PRICE OF \$42.20 PER FINE OUNCE, I.E. EQUIVALENT OF \$822 MILLION OR AS 17,923 MILLION.

2. NO OFFICIAL STATEMENTS OR ANNOUNCEMENTS REGARDING REVALUATION OF AUSTRIAN MONETARY GOLD WERE MADE AFTER FINANCE MINISTER ANDROSCH'S REMARKS UPON HIS RETURN FROM IMF MEETING IN WASHINGTON IN JANUARY 1975. ON LATTER OCCASION, ANDROSCH IN INFORMAL TALK TO PRESS REPORTEDLY STATED THAT IMF DECISION TO ABOLISH OFFICIAL GOLD PRICE AND ANY RESULTING REVALUATIONS BY OTHER CENTRAL BANKS OF THEIR GOLD RESERVES WILL HAVE NO DIRECT

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EFFECT ON AUSTRIA. HOWEVER, HE INDICATED REVALUATION OF

ITS GOLD RESERVES WOULD PROVIDE AUSTRIA WITH A COMFORTABLE
UNDISCLOSED RESERVE EQUIVALENT TO AS 50 BILLION.

3. PRIOR TO ABOLITION OF OFFICIAL GOLD PRICE, AUSTRIAN
NATIONAL BANK PRESIDENT KLOSS ON DECEMBER 17, 1974 REMARKED
THAT THE AS 18 BILLION IN GOLD HOLDINGS SHOWN IN THE
BANK'S BALANCE SHEET FOR 1973 WOULD BE EQUIVALENT TO A
CURRENT MARKET VALUE OF APPROXIMATELY AS 70 BILLION
(\$4 BILLION).

4. IN EXPECTATION OF EVENTUAL APPRECIATION BY OTHER
COUNTRIES OF THEIR GOLD RESERVES, ANB INTRODUCED QUOTE
ANTICIPATORY REVALUATION RESERVE UNQUOTE EQUIVALENT TO
AS 2.7 BILLION (ABOUT \$138 MILLION) INTO THE BOOKS IN ITS
1973 YEAR-END FINANCIAL STATEMENT, TO BE USED FOR OFF-
SETTING EVENTUAL BOOK LOSSES FROM CURRENCY REALIGNMENTS.

5. IN 1974 THE ANTICIPATORY REVALUATION RESERVE WAS
UNDOUBTEDLY INCREASED TO OFFSET ANOTHER BOOK LOSS FROM
CURRENCY RATE FLUCTUATIONS EQUIVALENT TO AS 1.9 BILLION.
COMMENT: ACCORDING TO EXISTING ANB STATUTES, REVALUATION
GAINS HAVE TO BE TRANSFERRED TO A RESERVE ACCOUNT TO BE
USED FOR OFFSETTING EVENTUAL BOOK LOSSES FROM DEVALUATION
EFFECTS. BASED ON PREVIOUS CONVERSATIONS WITH BANK
SOURCES, EMB HAS GAINED IMPRESSION AUSTRIANS NOT INCLINED
TO ALTER GOLD POLICY PURSUED TO DATE.
CONVERSION RATES: US\$1.- EQUALLED: AS 19.59 IN 1973;
AS 18.69 IN 1974; AS 16.67 IN JAN/FEB 1975. MOWINCKEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REVALUATIONS, GOLD HOLDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975VIENNA02399
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750096-0021
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750334/aaaabetd.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 060718
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2003 by RuthemTJ>; APPROVED <19 FEB 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATEMENTS ON REVALUATION OF GOLD HOLDINGS
TAGS: EFIN, AU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006